

ESTTA Tracking number: **ESTTA142723**

Filing date: **05/25/2007**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91168790
Party	Plaintiff Acorn Alegria Winery Acorn Alegria Winery ,
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Date	05/25/2007
Attachments	Opposers Trial Brief.pdf (36 pages)(3892768 bytes)

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

In the matter of Trademark Applications

Applicant: Sweely Holdings, LLC
Serial Nos.: 78/497,107; 78/497,110; 78/497,114
Filed: October 8, 2004
Marks: ACORN HILL WINERY
ACORN HILL ESTATE
ACORN HILL VINEYARDS
Published: September 27, 2005 at TM 1635

Acorn Alegria Winery, dba Acorn Winery,

Opposer,

v.

Sweely Holdings, LLC,

Applicant.

Opposition Nos. 91/168,790

OPPOSER'S TRIAL BRIEF

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STATEMENT OF THE CASE / DESCRIPTION OF THE RECORD

The applications at issue are Serial No. 78/497,107 for ACORN HILL WINERY, Serial No. 78/497,110 for ACORN HILL ESTATE and Serial No. 78/497,114 for ACORN HILL VINEYARDS all for “wine and potable spirits” in Class 33. The applications were filed on October 8, 2004 and published in the *Official Gazette* on September 27, 2005 at page TM 1635.

Opposer, Acorn Alegria Winery (hereinafter “Opposer” or “Acorn Winery”), is the owner of and is relying upon Reg. No. 2,061,738 for ACORN for “wine” in Class 33, which issued on May 13, 1997 with a first use date of June 1996. Said registration is in full force and effect on the Principal Register and has become incontestable.¹ Acorn Winery’s constructive date of first use of the mark is January 24, 1994, the date of filing its federal application pursuant to Section 1(b) of the Trademark Act. Based on its registration and extensive trade name use, Acorn Winery filed its Consolidated Notice of Opposition on January 24, 2006 contending that registration of the marks at issue would be a source of damage and injury.

Applicant, Sweely Holdings, LLC, took the deposition of William Nachbaur pursuant to Federal Rule of Civil Procedure 30(b)(6) on August 22, 2006.

Acorn Winery took the testimony deposition of Acorn Alegria Winery through William Nachbaur on November 20, 2006 and filed with the Board the transcript of said deposition together with Acorn Winery’s Exhibits 1 through 36 on May 18, 2007.

Applicant took the testimony deposition of Sweely Holdings, LLC through Jess Sweely on February 2, 2007.

This case involves nearly identical marks (i.e., ACORN v. ACORN HILL WINERY/ESTATE/VINEYARDS) used or intended to be used on and in connection with

legally identical goods, namely, “wine.” As demonstrated below, confusion is likely, giving rise to potential irreparable damage to Acorn Winery and its valuable ACORN trademark.

Acorn Winery’s Evidence:

1) Notice of Reliance Pursuant to 37 CFR § 2.122(d)(2) (filed November 21, 2006)-

Certified status and title copy of Acorn Winery’s Registration No. 2,061,738 for ACORN for wine. The registration is accompanied by the current status of the registration certified by the U.S. Patent and Trademark Office, confirming that the registration is in full force and effect and the Section 8 & 15 declarations have been filed.

2) Notice of Reliance Pursuant to 37 CFR § 2.122(j) (filed November 21, 2006)-

Applicant’s Responses to Acorn Winery’s First Set of Interrogatories Nos. 1, 2, 3, 4, 5 (stating that Applicant has not yet begun to sell, distribute, advertise, or developed a marketing plan for its wines bearing the marks at issue) and 10 (stating that it sells or has sold stallion services, horses, and training in connection with the mark ACORN HILL FARM and that it intends to sell wine and related incidentals in connection with the marks at issue).

3) Testimony deposition of William Nachbaur- transcript of deposition taken on November 20, 2006 together with Acorn Winery’s Exhibits 1 through 36 (hereinafter referred to as “Nachbaur testimony depo.”)

Applicant’s Evidence:

1) Notice of Reliance Pursuant to 37 CFR § 2.122(j) (filed February 12, 2007)- transcript of discovery deposition of William Nachbaur taken on August 22, 2006 (hereinafter referred to as “Nachbaur noticed depo.”).

¹ A proper certified status and title copy of said registration is attached to Acorn Winery’s first notice of reliance listed below, which was timely filed during Acorn Winery’s testimony period.

- 2) Notice of Reliance Pursuant to 37 CFR § 2.122(j) (filed February 12, 2007)- copy of Reg. No. 3,180,315 for ACORN HILL FARM, owned by Acorn Hill Farm, Inc. for “horse farms; horse breeding and stud services” in Class 44, filed on November 15, 2005, registered on December 5, 2006, claiming a first use date of May 1, 1975.
- 3) Notice of Reliance Pursuant to 37 CFR § 2.122(j) (filed February 12, 2007)- copy of Reg. No. 3,158,120 for ACORN HILL FARM, owned by Acorn Hill Farm, Incorporated for “horse training, entertainment in the nature of equestrian competitions” in Class 41, filed November 15, 2005, registered October 17, 2006, claiming a first use date of May 1, 1975.
- 4) Testimony deposition of Jess Sweely- transcript of deposition taken on February 2, 2007 together with Applicant’s Exhibits 1 through 16. (hereinafter referred to as “Sweely testimony depo.”)

STATEMENT OF THE ISSUE

Whether confusion is likely as to source among purchasers of wine between Acorn Winery’s ACORN branded wine and wine bearing Applicant’s proposed ACORN HILL WINERY, ACORN HILL ESTATE and ACORN HILL VINEYARDS marks where the marks are nearly identical in overall commercial impression, the marks will be used on identical goods, Acorn Winery has made substantial use of its incontestable ACORN mark for over ten years on its wine and in connection with wine-related goods and services and expended a great deal of energy, time and money on developing the goodwill in its ACORN mark and actual confusion exists even before Applicant has begun to sell, distribute or advertise its wines bearing the marks at issue.

RECITATION OF FACTS

Acorn Winery's Long, Continuous Use of the ACORN Mark

Acorn Winery filed an Intent to Use application with the U.S. Patent and Trademark Office for the mark ACORN for use on wine on January 24, 1994. A registration issued based on this application on May 13, 1997. (*See* noticed registration). Acorn Winery is the only winery in the United States to register a mark containing the word “acorn” for wine, and Acorn Winery knows of no other winery that uses ACORN in its brand or business name. (Nachbaur testimony depo, 13:3-15; 65:21-24). Acorn Winery's use of the ACORN mark has been exclusive since 1996. (Nachbaur testimony depo, 65:21-23).

In addition to its ACORN mark, Opposer has likewise used Acorn Winery as its trade name for over ten years. (Nachbaur noticed depo 6:24-7:5; Nachbaur testimony depo, 14:25-16:12). The California Secretary of State issued a name reservation certificate to Opposer for the name “Acorn Winery” in March 1995. (Nachbaur testimony depo, 14:25-16:12 and Exhibit 2 thereto (Name Reservation with California Secretary of State)). Opposer was incorporated in California as “Acorn Winery” in August 1995. (Nachbaur testimony depo, 11:5-10). Notwithstanding a later change in its formal corporate name to Acorn Alegría Winery, Opposer has continuously used Acorn Winery as its trade name. (Nachbaur noticed depo, 39:22-40:19; Nachbaur testimony depo, 15:18-16:12).

As is sometimes customary in the wine industry, consumers and competitors frequently truncate Opposer's trade name to “Acorn,” while a few customers have been known to refer to Acorn Winery as “Acorn Vineyards.” (Nachbaur testimony depo, 24:23-25:6; 67:1-21). Additionally, Acorn Winery has used “Acorn,” “Acorn Wines” and “AW” as fictitious business names for bottling. (Nachbaur testimony depo, 18:10-23 and Exhibits 3 and 6).

Acorn Winery is solely in the business of making and selling wine. (Nachbaur testimony depo, 19:15-16). To assist it in its business, Acorn Winery has a tasting room, vineyard and winery facility all on the same site. (Nachbaur testimony depo, 17:12-15; 24:2-5). Acorn Winery owns and operates a website in the same name (i.e., www.acornwinery.com), where it features its wines and information regarding the winery and through which customers may place orders for ACORN branded wines. (Nachbaur testimony depo, 20:1-18; 24:21-22).

Acorn Winery bottled and labeled its 1994 Sangiovese in September 1995 and has continuously used ACORN as its house mark on its wine labels. (Nachbaur noticed depo, 42:3-6; Nachbaur testimony depo, 10:22-24; 16:24-25; Exhibit 3 thereto (labels)). Over the years, Acorn Winery has registered numerous wine labels with the Federal Tax and Trade Bureau (formerly known as the Bureau of Alcohol, Tobacco, and Firearms). All of the front labels prominently feature the ACORN name and mark. (Exhibit 6 to Nachbaur testimony depo (Certificates of Label Approval)). In addition to its use of its mark on wine, Acorn Winery has used the ACORN name and mark in connection with a limited line of goods intended to further promote its wines, including corkscrews and t-shirts. (Nachbaur testimony depo, 19:17-24).

Acorn Winery originally received its license and was able to produce wine on its site in 1996. (Nachbaur testimony depo, 37:18-21). Acorn Winery is currently licensed to make up to 500 cases under the ACORN name and mark at its winery and additionally has produced and continues to produce wine at other wineries. The common practice of making wines at other wineries is called "custom crushing." (Nachbaur noticed depo, 16:12-13, 23:24-24:1; 40:1-3; Nachbaur testimony depo, 10:5-16; 37:9-17). "Custom crushing" provides a means for a small wine producer to take advantage of a larger winery's excess production capacity. (Nachbaur testimony depo, 10:13-15; 17:21-18:5). Wineries that perform "custom crush" services do not

acquire any ownership interest in the trademarks of the contracting party. Accordingly, Acorn Winery retains ownership of its trademark rights in the ACORN name and brand when it has “custom crush” wine made. (Nachbaur testimony depo, 38:5-11 and Exhibit 8 thereto (custom crush letter agreement)).

Acorn Winery has sold numerous varietals under its ACORN name and mark. (Nachbaur noticed depo, 21:11-22; Nachbaur testimony depo, 20:19-21:12). Acorn Winery presently makes seven different wines, and the ACORN name and mark appears prominently on all of them. (*See* Exhibit 3 to Nachbaur testimony depo). The wines Acorn Winery currently makes are ACORN Cabernet Franc, ACORN Dolcetto, ACORN Medley®, ACORN Sangiovese, ACORN Axiom® Syrah, ACORN Alegria® Rosato, and ACORN Heritage Vines™ Zinfandel. (Nachbaur noticed depo, 21:11-22; Nachbaur testimony depo, 20:19-21:12 and Exhibit 3 thereto). Most of Acorn Winery’s wines reflect a grape growing technique involving mixing varietals in the vineyard, known as “field blend,” for which Acorn Winery has gained recognition. (Nachbaur testimony depo, 21:25-22:15).

Acorn Winery’s National Distribution

Acorn Winery markets and sells ACORN wines nationwide through most available channels, including direct sales to consumers at its winery; sales to consumers through the Internet and by phone and fax; Acorn Winery’s Alegria Core Buyer’s Club; sales to restaurants and retailers, directly and through brokers; and sales to distributors for resale to restaurants and retailers. (Nachbaur noticed depo, 25:12-23; 27:11-27; 26:3-9; 29:1-11; 37:4-25; 44:7-45:2; Nachbaur testimony depo, 20:6-13; 24:15-22; 28:24-33:22 and Exhibit 4). In addition to access through Acorn Winery’s own website, customers have been able to purchase ACORN branded wine through other online venues operated by Acorn Winery retailers using the Internet to re-sell

ACORN branded wine in interstate commerce. (Nachbaur testimony depo, 29:22-30:6; 69:20-70:12).

Consumers residing in 48 states and the District of Columbia have sought out and purchased ACORN wine directly from Acorn Winery. (Nachbaur noticed depo, 25:12-23; 27:11-27; 26:3-9; 29:1-11; 37:4-25; 44:7-45:2; Nachbaur testimony depo, 24:15-22; 28:24-33:22). In addition, Acorn Winery has sold ACORN wine through distributors or retailers in Virginia, the District of Columbia, Maryland, North Carolina, Colorado, Connecticut, Florida, Michigan, Idaho, Minnesota, New Hampshire, New Jersey, New York, North Dakota, Rhode Island, Ohio, Texas, and Washington. (Nachbaur noticed depo, 43:19-22; Nachbaur testimony depo, 32:11-25; 34:15-24).

Beyond the United States, Acorn Winery has sold ACORN wine directly to consumers in the Canadian provinces of Alberta, British Columbia, Ontario, and Quebec. Acorn Winery has also sold ACORN wines through government liquor control agencies in Ontario and Nova Scotia and through distributors in Japan. (Nachbaur testimony depo, 34:24-35:1).

Acorn Winery's National Reputation

Despite Acorn Winery's small size, ACORN is a well-known and highly respected national wine brand. In order to promote its wines, Acorn Winery enters its ACORN branded wines in wine competitions, sends ACORN branded wines to reviewers of wine magazines and newspapers, attends public tastings, participates in trade shows and produces and distributes informational materials to complement the wines. (Nachbaur noticed depo, 31:4-8; Nachbaur testimony depo, 28:15-23; 41:8-22; 42:6-45:17 and Exhibits 9, 10 and 11 (*Sante*), 13 (*Wine Enthusiast*); 52:10-56:1 and Exhibits 24 (Family Wine Makers of CA program), 25 (ad for Grape to Glass) and 26 (ad for Zinfandel Advocates and Producers); 56:25-60:14 and Exhibits 27 (list

of wines and awards); 76:15-77:13). Acorn Winery prepares extensive marketing and sales materials, including order forms and technical fact sheets for each wine, which are given to each customer and handed out at trade shows and wine-tasting events. (Nachbaur testimony depo, 56:25-57:14 and Exhibits 28 (shelf talker); 29 and 30 (tech sheets)). All of these materials prominently display the ACORN name and mark. Acorn Winery is also involved in special promotional events including, Russian River Wine Road, fundraising dinners and charity silent auctions. (Nachbaur noticed depo, 19:17-21; 20:23-21:2 Nachbaur testimony depo, 25:20-25; 56:2-16). Acorn Winery belongs to various organizations that promote wine, including Zinfandel Advocates, Russian River Valley Wine Growers and Producers and Family Wine Makers of California. (Nachbaur noticed depo, 33:7-23; Nachbaur testimony depo, 28:15-17; 54:11-55:4 and Exhibits 24 and 25). Cumulatively, Acorn Winery spent approximately \$60,000 on marketing in 2005. (Nachbaur noticed depo, 31:1-3; Nachbaur testimony depo, Exhibit 7 and 41:23-42:7).

Acorn Winery has likewise received unsolicited promotion from the media and is referenced, reviewed and featured on numerous sites online. (Nachbaur noticed depo, 31:11-12; Nachbaur testimony depo, 30:1-9; 42:6-52:9 and Exhibits 12 (*Wine Enthusiast* article), 14 (*NorthBay Biz* article), 15 (*Discoveries* article); 16 (*Wall Street Journal* ad); 17 (*Miami Herald* article); 18 and 19 (*Press Democrat* articles); 20 (*San Francisco Chronicle*); 21 (*Windsor Times, Healdsburg Tribune* article); 22 and 23 (online wine reviews by WineToday.com owned by *The New York Times*)). An article in the *Wine Enthusiast*, for example, praised ACORN branded wines and described Acorn Winery as “a winery to watch.” (See Exhibit 12).

Acorn Winery's Success

Acorn Winery's ACORN branded wines have gained acclaim and recognition in the wine

industry. (Nachbaur testimony depo, 21:16-21:24; *see also* Exhibit 27 (list of wines and awards); 61:4-8; 61:22-65:20 and Exhibits 32 (internal Acorn doc listing awards and reviews), 33 (website listing of awards), 34 (California State Fair publication) 35 (World Wine Championship award) and 36 (*Santé* award)). By way of example, ACORN Zinfandel received the sweepstakes award at the South County Harvest Fair in 2004 and a gold medal at the 2006 Orange County Fair. Likewise, ACORN Sangiovese was judged best Sangiovese at the California State Fair in 2004 and again in 2006. (Nachbaur noticed depo, 16:12-13, 23:22-24:3; Nachbaur testimony depo, 21:16-21:24; 61:4-8).

Acorn Winery's wine retails from \$16 to \$34 per bottle, prices in line with what other wineries in the area charge. (Nachbaur testimony depo, 35:23-35:7). Acorn Winery has been experiencing a steady increase in sales over the years. (Nachbaur noticed depo, 40:22-41:8). Acorn Winery may get up to 1,000 visitors in a day when it holds special events and between 50 to 100 people per month when no special event is held, usually by making a tasting appointment. (Nachbaur noticed depo, 19:8-15; Nachbaur testimony depo, 25:20-27:7). When individuals come for a tasting, they are typically taken on a tour of the vineyard, including an explanation of the topography of the property and the various grape varietals grown in the vineyards. (Nachbaur testimony depo, 26:10-27:2). Acorn Winery has established a successful wine club, which requires members to purchase a minimum of two cases of wine in a calendar year at a 20% discount. The wine club currently has over 300 members and functions uniquely in that it allows members to choose the wines they would like, encouraging customers to stock up on ACORN branded wine and have it available at home. (Nachbaur testimony depo, 27:16-28:12). Acorn Winery considers word-of-mouth recognition a vital part of its marketing efforts and credits it for much of its success, making Applicant's potential use and registration of the marks at issue a

significant concern. (Nachbaur noticed depo, 35:14-17; Nachbaur testimony depo, 24:23-25:17).

Applicant Has Not Established A Presence in The Wine Industry

Applicant has not begun use of its mark on wine. (Sweely testimony depo. 35:17-23).

Applicant only recently applied for its basic permit from the Alcohol Tobacco and Tax Trade Board in late September 2006. (Sweely testimony depo. 35:24-18 and Exhibit 9 thereto). In fact, Applicant does not anticipate selling any wine bearing its marks until December 2007 or early 2008. (Sweely testimony depo. 58:1-12; Applicant's Responses to Acorn Winery's First Set of Interrogatories Nos. 1, 2, 3, 4, 5). Applicant therefore has no legitimate interest in registering its ACORN-derivative marks, which are confusingly similar to Acorn Winery's well-established mark.

ARGUMENT

I. ACORN WINERY HAS PRIORITY

Priority as to use of the mark ACORN on wine is not an issue in this proceeding. Flow Technology, Inc. v. Picciano, 18 USPQ2d 1970 (TTAB 1991) (the question of priority does not arise in a case in which the opposer is the owner of a registration for its mark); Black & Decker Mfg. Co. v. Bright Star Industries, 220 USPQ 891 (TTAB 1983); Oxford Pendaflex Corp. v. Anixter Bros. Inc., 201 USPQ 851, 853 (1978); Cosmetically Yours, Inc. v. Clairol, Inc., 424 F.2d 1385, 165 USPQ 515 (CCPA 1970). Acorn Winery has proven ownership of an incontestable registration for ACORN, registered long-prior to the filing of the applications at issue and long-prior to the dates of first use alleged by Applicant in the subject applications. (See Acorn Winery's timely noticed registration). Acorn Winery has used ACORN as a trademark for wine continuously and exclusively for ten years. Additionally, Acorn Winery reserved "Acorn Winery" as fictitious business name in March 1995 and has since then continuously used "Acorn

Winery” as a trade name in connection with its wine business. (Nachbaur testimony depo, 14:25-15:17 and Exhibit 2 thereto [Name Reservation with California Secretary of State]).

II. ANALYSIS OF THE DUPONT FACTORS DEMONSTRATES THAT CONFUSION IS LIKELY

In In re E.I. duPont de Nemours & Co., 177 USPQ 563, 567 (CCPA 1973), the CCPA identified the thirteen factors that may be considered in a likelihood of confusion analysis. The thirteen factors are not to be applied in a formulaic manner but rather only those factors that are relevant to the case at hand and for which there is sufficient evidence of record should be considered. Id.; Han Beauty, Inc. v. Alberto-Culver Co., 236 F.3d 1333, 57 USPQ2d 1557 (the Board need not discuss every factor). Under this analysis, therefore, any one or more of the factors may control a particular case. In re Dixie Restaurants Inc., 41 USPQ2d 1531, 1533 (CAFC 1997).

The Board has repeatedly asserted that the two key considerations in determining likelihood of confusion are the similarities between the marks and the similarities between the goods and services. In re Azteca Restaurant Enterprises Inc., 50 USPQ2d 1209 (TTAB 1999) (likelihood of confusion found based on key considerations between AZTECA Mexican food and junior AZTECA Mexican restaurant services); *see also* Han Beauty, Inc., *supra* (Board may focus its analysis on dispositive factors, such as similarity of the marks and relatedness of the goods); Cunningham v. Laser Golf Corp., 222 F.3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000) (Board satisfied the DuPont test by considering each of the DuPont factors for which evidence was presented in the record).

These controlling factors, as well as *all* the remaining factors favor Acorn Winery, overwhelmingly establishing likelihood of confusion.

A. THE COMMERCIAL IMPRESSIONS CREATED BY APPLICANT'S MARKS AND ACORN WINERY'S MARK ARE NEARLY IDENTICAL

It is well established that where marks appear on identical goods, the degree of similarity of the marks necessary to support a conclusion of likely confusion declines. Fossil Inc. v. Fossil Group, 49 USPQ2d 1451 (TTAB 1998); Hard Rock Cafe International (USA), Inc. v. Elsea Hard Rock Cafe International (USA), Inc. v. Else, 56 USPQ2d 1504 (TTAB 2000); In re Microsoft Corporation, 68 USPQ2d 1195 (TTAB 2003); *see also* SquirtCo v. Seven-Up Co., 628 F.2d 1086, 207 USPQ 897 (8th Cir. 1980). Here, the marks at issue all appear or are intended to appear on wine. As such, the marks need not be identical or nearly identical in order to support a finding of likelihood of confusion. The fact that the marks at issue are in fact identical or nearly identical strongly favors a finding of likelihood of confusion.

While marks should be considered in their entirety and may not improperly be dissected, it is appropriate to give more weight in the likelihood-of-confusion analysis to the 'dominant' element of the marks at issue. Uncle Ben's Inc. v. Stubenberg International Inc., 47 USPQ2d 1310, 1312 (TTAB 1998); Michelin Tire Corp. v. General Tire & Rubber Co., 202 USPQ 294 (TTAB 1979) (the rule of comparing marks in their entirety 'is not inviolate'; focus on dominant portions appropriate).

It is undisputable that consumers will encounter the same term at the beginning of all of the marks at issue: ACORN. The term ACORN is the dominant portion of Acorn Winery's mark and Applicant's marks. Palm Bay Imports, Inc. v. Veuve Cliquot Pnsardin Maison Fondée En 1772, 396 F.3d 1369, 73 USPQ2d 1689 (Fed. Cir. 2005) (in mark VEUVE CLIQUOT, VEUVE is a "prominent feature" because it is the first word in the mark as well as the first word to appear on the wine label). ACORN is Acorn Winery's house mark and trade name and is prominently featured on Acorn Winery's wine labels. (Nachbaur testimony depo, 15:18-16:12 and Exhibit 3

thereto). Acorn Winery has established significant recognition of its ACORN trade name and house mark in the wine industry (see statement of facts, *supra* and discussion regarding strength of Acorn Winery's mark, *infra*), making the ACORN element the most significant in the comparison. Ty, Inc. v. Jones Group, Inc., 237 F.3d 891, 57 USPQ2d 1617 (7th Cir. 2001) (BEANIE RACER likely to be confused with BEANIE BABIES; "beanie" portion dominant and deserving of more weight than surrounding elements because well-known in toy industry).

Applicant's marks all contain Acorn Winery's mark in its entirety. Although there are other terms in the Applicant's marks, it is well established that the mere addition of a term or terms to a registered mark does not obviate the similarity between the marks or likelihood of confusion. In re Chatam International Inc., 380 F.3d 1340, 71 USPQ2d 1944 (Fed. Cir. 2004) (GASPAR'S ALE and JOSE GASPAR GOLD); Coca-Cola Bottling Co. v. Joseph E. Seagram & Sons, Inc., 526 F.2d 556, 188 USPQ 105 (C.C.P.A. 1975) (BENGAL and BENGAL LANCER); Lilly Pulitzer, Inc. v. Lilli Ann Corp., 376 F.2d 324, 153 USPQ 406 (C.C.P.A. 1967) (THE LILLY and LILLI ANN); In re El Torito Rests. Inc., 9 USPQ2d 2002 (TTAB 1988) (MACHO and MACHO COMBOS); In re United States Shoe Corp., 229 USPQ 707 (TTAB 1985) (CAREER IMAGE and CREST CAREER IMAGES); In re Corning Glass Works, 229 USPQ 65 (TTAB 1985) (CONFIRM and CONFIRMCELLS); In re Riddle, 225 USPQ 630 (TTAB 1985) (ACCUTUNE and RICHARD PETTY'S ACCU TUNE); In re Cosvetic Laboratories, Inc., 202 USPQ 842 (TTAB 1979) (HEAD START and HEAD START COSVETIC).

This is especially true where the additional terms are weak elements. The TTAB stated the general rule that a subsequent user may not avoid confusion by appropriating another's entire mark and adding descriptive or non-distinctive matter to it. TMEP § 1207.01(b)(iii); In re Rexel, Inc., 223 USPQ 830 (TTAB 1984) (LITTLE GOLIATH confusingly similar for GOLIATH for

pencils); S. Gumpert Co. v. ITT Continental Baking Co., 191 USPQ 409 (TTAB 1976) (FLAV-O-BAKE confusingly similar to FLAVO, both for food products); Wella Corp. v. California Concept Corp., 558 F.2d 1019, 194 USPQ 419 (CCPA 1977).

The word “hill” is a common, recognizable word, which simply describes a topographical characteristic. Words such as “hill,” “mountain,” “mount” and “ridge,” are widely used in the wine industry, usually to convey images of the topography of the respective vineyards of origin. (See Exhibit 16 to Sweely testimony depo. listing five such wineries apart from Applicant in Applicant’s immediate region [i.e., Afton **Mountain** Vineyards, Autumn **Hill** Vineyards, Belle **Mount** Vineyards, Blue **Ridge** Vineyard, and Cave **Ridge** Vineyard]; see also Exhibit 24 to Nachbaur testimony depo. listing participants in Family Winemaker’s of California tasting, including Sapphire **Hill**, Tulip **Hill** Winery, Grgich **Hill** Vineyard, York **Mountain** Vineyard, Judd’s **Hill**, Spring **Mountain** Vineyard, Santa Cruz **Mountain** Vineyard]. The word “hill” is clearly highly descriptive and non-distinctive for wine and will not significantly contribute to Applicant’s ability to distinguish its marks from Acorn Winery’s ACORN. Applicant’s remaining component words – WINERY, ESTATE and VINEYARDS – are all weak terms because they either are generic entity designations and/or descriptive within the wine industry. In re Packaging Specialists, Inc., 221 USPQ 917 (TTAB 1984); In re Martin’s Famous Pastry Shoppe, Inc., 221 USPQ 364 (TTAB 1984), aff’d on other grounds, 748 F.2d 1565, 223 USPQ 1289 (Fed. Cir. 1984); TMEP §§ 1213 and 1213.03; Sec. 6 of Trademark Act; 15 U.S.C. § 1056. All three words are widely used in the wine industry and not surprisingly all three words are disclaimed in the applications at issue. [See Exhibit 16 to Sweely testimony depo. and Exhibit 24 to Nachbaur testimony depo; Application file histories].

Where a mark is composed of parts that are in common use by many other sellers in the market, the mark is considered “weak.” Knapp-Monarch Co. v. Poloron Products, Inc., 134 USPQ 412 (TTAB 1962); Colgate – Palmolive Co. v. Carter-Wallace, Inc., 432 F.2d 1400, 1401 (CCPA 1970). Because all of Applicant’s additional terms are highly descriptive or generic and are diluted in the wine industry, they are of little relevance in comparison of the marks since consumers of wine have been conditioned to look for source identification based on other parts of marks containing the same weak terms used by Applicant. In re Broadway Chicken, Inc., 38 USPQ2d 1559, 1565-66 (TTAB 1996); In re Bed & Breakfast Registry, 791 F.2d 157, 229 USPQ 818 (Fed. Cir. 1986); Miles Laboratories Inc. v. Naturally Vitamin Supplements Inc., 1 USPQ2d 1445 (TTAB 1986).

Even without consideration of the weakness of Applicant’s component words, consumers are likely to shorten Applicant’s marks to ACORN – either in recognition or in reference – making the visual, aural and connotative impressions between Acorn Winery’s mark and Applicant’s marks identical or nearly identical. Blumenfeld Development Corporation v. Carnival Cruise Lines, Inc., 669 F. Supp. 1297, 1320 (E.D. Pa. 1987) (inevitable that many persons would shorten “Carnival Club” to “Carnival”); Trump v. Caesars World, Inc., 645 F. Supp. 1015, 1022 (D.N.J. 1986) (many persons will shorten “Trump’s Palace” to the “Palace”).

In any case, even without Applicant’s marks being shortened, consumers of wine viewing Applicant’s marks relative to Opposer’s are likely to concentrate on the identical dominant portion of the marks, ACORN, because of the weakness of Applicant’s additional terms. Presto Products, Inc. v. Nice-Pak Products, Inc., 9 USPQ 1895 (TTAB 1988) (“It is often the first part of a mark which is most likely to be impressed upon the mind of a purchaser and remembered”). Similarly, the marks at issue are phonetically similar since Acorn Winery’s mark is featured at

the beginning of Applicant's marks and is not followed by any other distinctive word. *See* Flavors, Inc. v. Mystic River Brewing Co., 886 F. Supp. 908, 36 USPQ2d 1247 (D. Me. 1995), later proceedings, 907 F. Supp. 8, 37 USPQ2d 1543 (D.Me. 1995) (MISTIC and MYSTIC SEAPORT found confusing, determined phonetically similar). Further, Applicant could give greater emphasis to the word ACORN on its labels with a larger font, different color or by placing the word ACORN above the "Hill Winery," "Hill Vineyards," or "Hill Estate" components.

Lastly, the connotation created by both Applicant's and Opposer's marks are nearly identical. The word "acorn" does not have any relationship to winemaking in general nor is it a term of art in the wine industry. Acorn Winery adopted its mark, ACORN, to bring to consumers' minds the oak trees on its vineyard as well as to connote the oak barrels in which its wine is placed. Additionally, Acorn Winery wanted the image of an "acorn" – the small fruit of an oak tree – to reflect that its winery is likewise small. (Nachbaur testimony depo, 11:15-12:3; Nachbaur testimony depo, 23:16-18). Since Applicant's marks contain weak terms aside from the dominant ACORN, concentration in determining the marks' connotation should be on the strong ACORN element. Lone Star Steakhouse & Saloon v. Alpha of Virginia, 43 F.3d 922, n.1, 33 USPQ2d 1481, n.1 (4th Cir. 1995). Given that the word "acorn" is not common in the wine industry and Applicant intends to use that word in connection with wine, the Applicant's marks and Opposer's mark convey the same meaning. Powder River Oil Co v. Powder River Petroleum Corp., 830 P.2d 403, 23 USPQ 1037, 1045 (Wyo. 1992) (POWDER RIVER OIL COMPANY for oils and gas exploration and POWDER RIVER PETROLEUM CORPORATION for financing oils and gas drilling found confusingly similar; conveyed same meaning).

Applicant contends that the marks at issue are intended to connote its ACORN HILL FARM name and mark. However, Applicant has admittedly devoted itself to creating recognition of that name and mark within the horse industry, not the wine industry. (Sweely testimony depo., 10:1-7; 15:8-21; 39:25-40:6). The ACORN HILL FARM entity was first registered with the American Horse Show Association in order to allow Applicant to exhibit horses at horse shows and fairs. (Sweely testimony depo., 13:1-3 and Exhibit 1 thereto). Presently, ninety percent of Applicant's revenue under its ACORN HILL FARM name and mark comes from selling horses. (Sweely testimony depo., 17:15-18:1). Applicant advertises its ACORN HILL FARM name and mark in horse magazines and in connection with horse related events. (Sweely testimony depo., 19:4-6; 28:10-31:10 and Exhibit 7 thereto). There is no evidence in the record that Applicant's ACORN HILL FARM name and mark has any recognition whatsoever in the wine industry predating Acorn Winery's first use and/or registration of its ACORN name and mark. Further, Applicant's proposed wine brands are not for ACORN HILL FARM, but rather ACORN HILL WINERY/VINEYARDS/ESTATE, marks that are different in sight, sound and meaning from ACORN HILL FARM

The substantially identical commercial impression of the marks at issue, a key consideration in the likelihood of confusion determination, overwhelmingly favors Acorn Winery.

B. ACORN WINERY'S GOODS AND THE APPLICANT'S GOODS ARE IDENTICAL

The Board must assess this factor by comparing Acorn Winery's goods as recited in Acorn Winery's registration of record with Applicant's goods recited in the applications being opposed. Penguin Books Ltd. v. Eberhard, 48 USPQ2d 1280 (TTAB 1998), app. dismissed, 178 F.3d 1306 (Fed. Cir. 1998); Warnaco Inc. v. Adventure Knits, Inc., 210 USPQ 307, 314-315

(TTAB 1981); Oxford Pendaflex Corp. v. Anixter Bros. Inc., 201 USPQ 851, 855 (TTAB 1978); Octocom Systems Inc. v. Houston Computer Services Inc., 16 USPQ2d 1783, 1787-1788 (CAFC 1990).

The goods recited in the applications at issue and Acorn Winery's registration are legally identical, namely "wine." Neither Acorn Winery nor Applicant included any restriction or limitation of the identical goods recited. Accordingly, the Board must presume that Applicant's and Acorn Winery's "wine" encompass all goods or types of goods embraced by the broad terminology. In re Continental Graphics Corp., 52 USPQ2d 1374, 1377 (TTAB 1999); Warnaco Inc. v. Adventure Knits, Inc., 210 USPQ 307, 314-315 (TTAB 1981); Guardian Products Co., Inc. v. Scott Paper Co., 200 USPQ 738, 741 (TTAB 1978).

This key consideration favors Acorn Winery.

C. THE TRADE CHANNELS AND CONSUMERS FOR APPLICANT'S AND OPPOSER'S IDENTICAL GOODS ARE PRESUMPTIVELY IDENTICAL

As with Applicant's and Opposer's goods, there are no limitations or restrictions set forth in Opposer's registration or the applications at issue. Therefore, the Board may presume the parties' legally identical goods move through all of the channels of trade suitable for goods of that type and they reach all potential consumers or customers for such goods. In re Continental Graphics Corp., 52 USPQ2d 1374, 1377 (TTAB 1999); Warnaco Inc. v. Adventure Knits, Inc., 210 USPQ 307, 314-315 (TTAB 1981); Guardian Products Co., Inc. v. Scott Paper Co., 200 USPQ 738, 741 (TTAB 1978). Accordingly, the DuPont third and fourth factors -- "established, likely-to-continue trade channels" and the "conditions under which and buyers to whom sales are made" -- are identical for purposes of this proceeding.

That presumption notwithstanding, Acorn Winery testified that it uses the traditional channels of trade in connection with its ACORN branded wines and targets general consumers of

wine. (Nachbaur testimony depo, 24:15-22; 34:11-14). According to Acorn Winery, there is no set criteria on which consumers of wine usually base their purchasing decision and consumers of ACORN wines range from the very sophisticated to those who have very little knowledge about wine at all. (Nachbaur noticed depo, 30:12-14; Nachbaur testimony depo, 35:2-10; 36:8-13). Additionally, given the wide range of avenues through which consumers may obtain ACORN wines nationwide and abroad, there is no single set of consumers who are likely to purchase ACORN wines. (Nachbaur noticed depo, 25:12-23; 27:11-27; 29:1-11).

Because Applicant has not yet begun to use its marks in connection with wine, it can only be presumed that it will likewise use the traditional channels of trade and will target general consumers of wine. (Sweely testimony depo. 35:17-23; 55:9-56:12; Applicant's Responses to Acorn Winery's First Set of Interrogatories Nos. 1, 2, 3, 4, 5). Applicant claims that it only intends to target consumers of wine in the Mid-Atlantic region, including Virginia, West Virginia, Washington, D.C., Maryland and North Carolina, presumably as a basis for a claim of geographical separation. (Sweely testimony depo., 40:16-24). Any geographical separation claimed by Applicant, however, is speculative and irrelevant to the proceeding. The owner of a territorially unrestricted federal registration has a presumptive exclusive right to use that extends throughout the United States. Peopleware Systems, Inc. v. Peopleware, Inc., 226 USPQ 320 (TTAB 1985) (geographic separation of applicant and registrant irrelevant where applicant seeks a nationwide unrestricted registration). Additionally, there is evidence in the record that beyond Acorn Winery's presumptive rights, Acorn Winery has in fact sold its ACORN branded wines in 48 states, including those in the Mid-Atlantic region. (Nachbaur noticed depo, 43:19-22; Nachbaur testimony depo, 32:11-15; 34:15-35:1).

The third and fourth DuPont factors favor Acorn Winery.

D. ACORN WINERY'S ACORN MARK IS A STRONG MARK

Arbitrary marks comprise those words that are in common linguistic use but which, when used with the goods or services in issue, neither suggest nor describe any ingredient, quality or characteristic of those goods or services. Tisch Hotels, Inc. v. American Inn, Inc., 350 F.2d 609, 146 USPQ 566 (7th Cir. 1965). As noted above, “acorn” has no significance and is not a term of art in the wine industry. “Acorn” is a common, recognizable word in the English language denoting the fruit of an oak tree. It does not describe Acorn Winery’s wine. The primary significance of the word “acorn” would denote a wine made of acorns, which would be ludicrous since it is common knowledge that wine is made of grapes. As such, ACORN is an arbitrary mark for wine. Mustang Motels, Inc. v. Patel, 226 USPQ 526 (C.D. Cal. 1985) (MUSTANG Motel is a strong and arbitrary mark; while “mustang” may be a generic name for some horses, it is arbitrary when used on a motel); Stork Restaurant v. Sahati, 166 F.2d 348, 76 USPQ 374 (9th Cir. 1948) (STORK CLUB arbitrary for night club; it is in no way descriptive of the appellant’s night club, for in its primary significance it would denote a club for storks). Arbitrary marks are automatically “strong” marks and therefore will be given a wide scope of protection. Stork Restaurant, *supra*.

Additionally, the record clearly establishes the ACORN mark on wine as a strong and famous mark. Acorn Winery has used its ACORN mark on wine exclusively and continuously for over ten years. During that time, Acorn Winery has gained significant recognition and acclaim. Acorn Winery has been featured in some of the most well-known newspapers, magazines and online sites, including *Santé*, *Wine Enthusiast*, *The Wall Street Journal*, *San Francisco Chronicle* and WineToday.com (owned and operated by *The New York Times*). Moreover, Acorn Winery has expended a great deal of energy, time and money creating a strong

reputation in order to develop and preserve its word-of-mouth recognition, the primary source of its customers. Acorn Winery has achieved this through participation in trade shows, wine tastings, wine-promoting organizations, local and national wine competitions, fundraising dinners and charity events. Acorn Winery's ACORN branded wines have received numerous accolades from significant segments of the wine industry. Additionally, Acorn's wines are frequently positively reviewed by individuals and publications recognized as authorities on wine. As a result, Acorn Winery boasts a loyal customer client base and is a profitable business venture.

Notably, Acorn Winery has over 300 members in its wine club – a wine club that requires its members to purchase a minimum of two cases of wine per year. Acorn Winery's ACORN branded wines, enjoy healthy sales throughout the U.S. and abroad through the physical winery, the Acorn Winery website, restaurants, grocery stores and through Acorn Winery's many retailers, brokers and distributors.

The strength of the ACORN mark favors Acorn Winery.

E. NO SIMILAR MARKS IN USE ON SIMILAR GOODS

There is no evidence of record that there are other wines sold using ACORN in a trademark and Opposer is not aware of any such use. (Nachbaur testimony depo, 13:12-15; 65:21-24). This factor favors Acorn Winery.

F. ACTUAL CONFUSION EXISTS DESPITE APPLICANT'S NOT YET HAVING BEGUN USE OF ITS MARKS

Although proof of actual confusion is not required for a finding of likelihood of confusion, evidence of actual confusion is strong proof of a likelihood of confusion. World Carpets, Inc. v. Dick Littrell's New World Carpets, 438 F.2d 482, 168 USPQ 609 (5th Cir. 1971) (there can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion); Molenaar, Inc. v. Happy Toys Inc., 188 USPQ 469 (TTAB 1975) (single

instance of confusion is at least ‘illustrative of how and why confusion is likely’); Tisch Hotels, Inc. v. Americana Inn, Inc., 305 F.2d 609, 146 USPQ 566 (7th Cir. 1965); David Sherman Corp. v Haublein, Inc., 340 F.2d 377, 144 USPQ 249 (8th Cir. 1965).

Here, Applicant has not yet begun use of its marks on wine. In fact, Applicant does not anticipate sales of any wine branded with its marks to begin until December 2007 or the beginning of 2008. (Sweely testimony depo. 35:17-23) Despite this, Acorn Winery has already experienced an incident of actual confusion. Acorn Winery is a customer of a wine laboratory and winery supplier called Vinquiry. When Acorn Winery’s president went to Vinquiry to purchase supplies for “Acorn,” he was asked if the account name was “Acorn Hill.” (Nachbaur testimony depo, 65:25-66:25). In the clerk’s mind, apparently, Acorn Hill had already been shortened to Acorn.

Since Applicant has not yet begun use of its marks on wine, the fact that Acorn Winery has already experienced actual confusion illustrates that confusion is likely. This sort of confusion could also occur on restaurant wine lists and trade shows, even if “Acorn Hill Winery/ Estate/ Vineyards” were spelled out in their entirety. A consumer who received a positive word-of-mouth recommendation for ACORN branded wines could easily find himself ordering a “Acorn Hill Winery” Cabernet Franc.

This factor favors Acorn Winery.

G. ACORN WINERY USES ITS ACORN MARK AS A HOUSE MARK

Acorn Winery has used the trade name “Acorn Winery” for many years. (Nachbaur noticed depo 6:24-7:5; Nachbaur testimony depo, 14:25-16:12). Opposer uses both its Acorn Winery trade name and its ACORN mark as identifiers of source on its labels for wines together with the appropriate varietal designations. (See Exhibit 3 to Nachbaur testimony depo). Acorn

Winery has sold numerous varietals under its ACORN mark, namely, Zinfandel, Sangiovese, Syrah, Dolcetto, Cabernet Franc, a blend called Medley, a Rosé called Rosatto, Blue Portuguese, Cinsaut and a Cabernet Franc called Mariquetta. (Nachbaur noticed depo, 21:11-22; Nachbaur testimony depo, 20:19-21:12 and Exhibit 4 thereto). The varietals produced and sold by Acorn Winery under its ACORN wine are in effect its “products,” as evidenced by the fact that Acorn Winery has trademarked a number of its wine varietal names. Therefore, Acorn Winery uses its mark as a “House Mark.” Kellog Co. v. General Foods Corp., 166 USPQ 281 (TTAB 1970) (house mark KELLOG appeared on label along with product name POP-TARTS; both serve trademark function); Johnston Foods, Inc. v. Carnation Co., 159 USPQ 624 (TTAB 1968). Where an opposer uses its mark as a house mark and as its trade name in connection with a variety of products in the relevant market, as Acorn Winery does here, the ninth DuPont factor will weigh in its favor in a likelihood of confusion analysis. The Sports Authority Michigan, Inc. v. The PC Authority, Inc., 63 USPQ2d 1782 (TTAB 2002). In this case, this factor favors Acorn Winery more significantly since Applicant has not yet used its marks on any wine.

H. ACORN WINERY HAS THE RIGHT TO EXCLUDE OTHERS FROM USE OF THE SAME OR CONFUSINGLY SIMILAR MARK ON THE SAME OR RELATED GOODS

The marks of the parties are identical or nearly identical in overall commercial impression, as discussed above. The parties’ respective goods are identical. Acorn Winery is the owner of incontestable Reg. No. 2,061,738 for ACORN for wine and is entitled to all the presumptions that flow from such ownership, including the right to exclude others from use of the same or confusingly similar mark on the same or related goods. 15 USC § 1115.

I. THE POTENTIAL FOR CONFUSION IS SUBSTANTIAL

The potential for confusion in this case is substantial. If permitted to coexist, Acorn

Winery would lose exclusivity, affecting word-of-mouth recommendations and listings on menus, at trade shows and special events. Further, it is likely that consumers will mistakenly conclude that ACORN HILL wines are alternative wines from Acorn Winery sold at a different price point. This confusion is particularly likely among the many consumers of ACORN wines that have visited Acorn Winery and are familiar with the “Hill Vineyard” at Acorn Winery. Finally, the applications at issue are block letter applications with no restrictions as to how the words might appear or be used in relation to each other, giving rise to the possibility that the word ACORN will be given greater prominence, thereby assuring significant consumer confusion.

Word-of-mouth recommendations are critical to Acorn Winery’s business. (Nachbaur noticed depo, 35:14-17; Nachbaur testimony depo, 24:23-25:17, (noting that close to 50% of sales come from individuals who visit winery based on word-of-mouth)). An important consideration in adopting the ACORN name and mark was the fact that it would appear at the top of wine lists and early in attendance listings for trade shows and competitions. (Nachbaur testimony depo, 33:23-34:10 and 56:17-24 and Exhibit 16 (*Wall Street Journal* ad where Acorn is listed first); Exhibit 20 (*San Francisco Chronicle* list; top of list); Exhibit 24 (Family Wine Makers of CA program, listed second); 25 (ad for Grape to Glass, listed first) and 26 (ad for Zinfandel Advocates and Producers, listed second)). If Applicant is permitted to concurrently use Applicant’s ACORN-derivative marks, Applicant will likely be listed before or next to Acorn Winery in wine lists, at trade shows and the like, creating significant confusion as to source. (Nachbaur testimony depo, 56:17-24; 67:1-21). This is particularly troublesome because Applicant’s marks are likely to be truncated. Blumenfeld, 669 F. Supp. at 1320; Trump, 645 F.

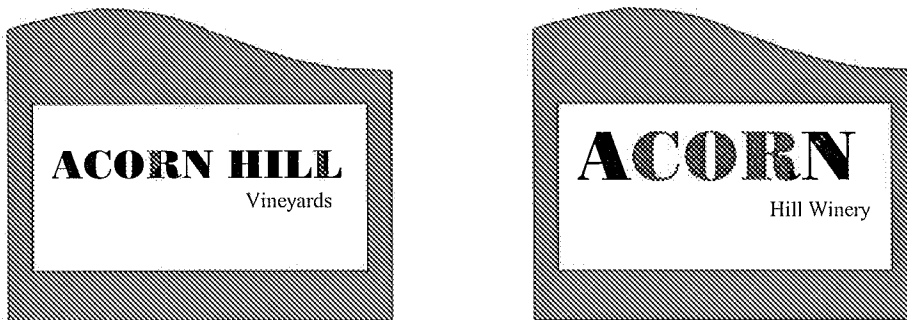
Supp. at 1022. The fact that Applicant is listed second in the Virginia Wineries brochure it offered during testimony illustrates this point. (*See* Exhibit 16 to Sweely testimony depo).

Additionally, the predominant geographic feature at Acorn Winery is a hill on which old growth Zinfandel grapes are grown. The hill portion of the vineyard is referred to as the “Hill Vineyard” and can be seen from Acorn Winery’s tasting room. (Nachbaur testimony depo, 23:16-20; 67:22-69:13). Approximately half of Acorn Winery’s total production is sold to consumers who have tasted wine at the winery while gazing at the hill. (Nachbaur testimony depo, 23:16-20; 25:7-17; 67:24-68:3). There can be little doubt that these consumers, encountering Applicant’s ACORN HILL branded wines in the marketplace, will believe that ACORN and ACORN HILL identify the same source, namely Acorn Winery.

Courts have routinely held that similar marks both appearing on alcoholic beverages have often been held likely to cause confusion. In re Charam Intern. Inc., 380 F.3d 1340, 71 USPQ2d 1944 (Fed. Cir. 2004) (applicant’s JOSE GASPAR GOLD for tequila was found likely to cause confusion with the cited registration of GASPAR’S ALE for beer and ale); Fleischmann Distilling Corp. v. Maier Brewing Co., 314 F.2d 149, 136 USPQ 508 (9th Cir. 1963) (BLACK & WHITE on beer caused likelihood of confusion with BLACK & WHITE Scotch whiskey). These line of cases are premised on fact that the products are related enough that consumers are likely to believe that they originate from the same source. Charam Intern., *supra* (goods at issue emanate from the same source because “both are alcoholic beverages that are marketed in many of the same channels of trade to many of the same consumers”). Here, Applicant intends to offer not only goods “related” to those offered by Acorn Winery, but the identical goods which, as discussed above, are presumed to be marketed through same channels and to the same consumers. Consumers will inevitably be confused, mistakenly believing that ACORN HILL

branded wines are a line extension of Acorn Winery featuring wines sold at a different price point. This is especially the case in the wine industry where it is customary for producers of wine to put out different lines of wines. Nova Wines, Inc. v. Adler Fels Winery LLC, 467 F. Supp. 2d 965 (N.D. Ca. 2006) (Nova Wines offered MARILYN MERLOT branded wines, MARILYN CABERNET branded wines, the NORMA JEANE branded wine and the VELVET COLLECTION branded wines).

The uncertainty of the manner in which Applicant will actually use the marks at issue adds to the concern and the potential for substantial confusion. Applicant's applications are for block letters and therefore the manner in which Applicant uses the word ACORN or the combination ACORN HILL on its labels in relation to the remaining components of its marks is not restricted. (Sweely testimony depo., 55:9-56:12 (not sure how three marks will be used, if at all). As such, Applicant could emphasize either ACORN alone or the combination of ACORN HILL over the other words in its marks. Applicant's labels could conceivably take either of the following forms, presenting serious concern for confusion with Acorn Winery's mark and its long-considered expansion discussed in Section J below:



Clearly, the potential for confusion between Applicant's marks and Acorn Winery's mark is significant. This factor favors Acorn Winery.

J. APPLICANT'S MARKS INTERFERE WITH OPPOSER'S ABILITY TO IMPLEMENT LONG STANDING PLANS TO PRODUCE AND SELL A "HILL VINEYARD" WINE

If Applicant is permitted to use and register its marks, Acorn Winery will be limited in its ability to expand its ACORN brand wine offerings as it has planned. Acorn Winery has long considered expanding its line of ACORN branded wines to include an ACORN "HILL VINEYARD" wine made with the old growth Zinfandel grapes that are grown on the hill in Acorn Winery's vineyard. (Nachbaur testimony depo, 23:16-20; 67:22-69:13). Acorn Winery's sale of ACORN HILL VINEYARD wine will be rendered impossible if Applicant is selling ACORN HILL VINEYARDS or other ACORN HILL brand wines. Acorn Winery's right to expand its use of its ACORN mark is severely curtailed if Applicant proceeds with use of the opposed marks, causing Acorn Winery significant harm. Great Basin Brewing Co. v. Healdsburg Brewing Co., 44 USPQ2d 1751, 1756 (D. Nev. 1997) ("The harm lies in [opposer's] loss of control over its own reputation, good will, etc. It is unimportant whether [Applicant's] goods are . . . of high quality – it is the loss of control over its reputation, not just actual damage to its reputation, that a trademark owner is entitled to prevent"); Mobil Oil Corp. v. Pegasus Petroleum Corp., 818 F.2d 254, 2 USPQ2d 1677 (2d Cir. 1987) (trademark owner has the right to make and keep its own reputation without entrusting it to others over whom it cannot exercise any control).

Acorn Winery's likely injury is multiplied if Applicant uses its proposed ACORN HILL marks. First, consumers of ACORN wines that are familiar with the winery will mistakenly believe that Applicant's ACORN HILL wines come from or are associated with Acorn Winery where they saw the "Hill Vineyard," and second, Acorn Winery will not be able to implement its plan to produce an ACORN HILL VINEYARD wine made with old growth Zinfandel from

Acorn Winery's Hill Vineyard. Irreparable harm to Acorn Winery is certain if Applicant uses the marks at issue.

It is well settled that one who adopts a mark similar to the mark of another *for closely related goods*, as Applicant has done here, acts at his peril. Steelcase, Inc. v. Steelcare, Inc., 219 USPQ 433, 437 (TTAB 1983) (junior user "under a duty to select a mark sufficiently far afield from that of opposer to avoid any likelihood of confusion and, having failed to do so, is subject to having any doubts on the question . . . resolved adversely to its claims of registrable rights"). Therefore, any doubt as to the existence of a likelihood of confusion must be resolved in favor of the registrant. In re Hyper Shoppes (Ohio), Inc., 837 F.2d 463, 6 USPQ2d 1025 (Fed. Cir. 1988); Lone Star Mfg. Co. v. Bill Beasley, Inc., 498 F.2d 906, 182 USPQ 368 (C.C.P.A. 1974); Tiffany & Co. v. National Gypsum Co., 459 F.2d 527, 173 USPQ 793 (CCPA 1972) (rule applies in opposition proceedings).

III. APPLICANT'S CLASSES 41 AND 44 "ACORN HILL FARM" REGISTRATIONS ARE IRRELEVANT TO THIS PROCEEDING

Acorn Winery submits that the registrations noticed by Applicant are irrelevant to this proceeding. Presumably, Applicant has noticed said registrations to support an argument that it will use its marks in connection with or in reference to the marks depicted in the noticed registrations or to claim superior rights over Acorn Winery based on said registrations. In determining likelihood of confusion in an opposition, however, it is the mark as shown in the application at issue that must be considered, not the mark as actually used or intended to be used by applicant. State Historical Soc. v. Ringling Bros. Barnum & Bailey Combined Shows, Inc., 190 USPQ 25, n.3 (TTAB 1976) (that applicant uses applied-for mark CIRCUS WORLD in connection with house mark is not relevant to issue of registrability). An opposition is intended to only determine whether applicant is entitled to federal registration of the mark as shown in the

application and as used on the *goods described in the application*. Interstate Brands Corp. and Interstate Brands West Corp. v. McKee Foods Corp., 53 USPQ2d 1910 (TTAB 2000) (that applicant uses applied-for mark YO-YOs in connection with its house mark LITTLE DEBBIE and a picture of a little girl is not relevant because only the mark as applied for is to be considered in an opposition).

Moreover, Applicant is not entitled to rely on its noticed registrations to present a “family of marks” claim to establish rights superior to Acorn Winery’s since it is in the position of defendant in this proceeding. Baroid Drilling Fluids Inc. v. Sun Drilling Products, 24 USPQ2d 1048 (TTAB 1992) (Board held that defendant in proceeding could not rely upon an alleged “family of marks” claim; doctrine only available to plaintiff asserting rights).

CONCLUSION


Based on the overwhelming number of factors favoring Acorn Winery, the Board can only conclude that there is a likelihood of confusion. Freedom Savings and Loan Association v. Fidelity Bankers Life Insurance Company, 224 USPQ 300, 305 (TTAB 1984). Accordingly and for the foregoing reasons, this opposition should be granted and registration refused to the Applicant.

Respectfully submitted,

OWEN, WICKERSHAM & ERICKSON, P.C.

5.25.07

By:

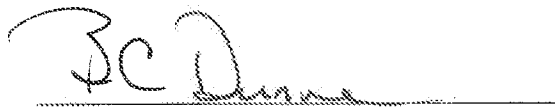

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CERTIFICATION

I hereby certify that a true copy of the within **OPPOSER'S TRIAL BRIEF** was served via United States Postal Service First Class Mail, postage prepaid, on the 25th day of May, 2007, to the following counsel of record: Jason J. Romero, Osborn Maledon, P.A., 2929 N. Central Avenue, Suite 2100, Phoenix, AZ 85012.


B.C. Dunne